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No. 647

No. 15306

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United States
Court of Appeals
for the Ninth Circuit

LAS PALMAS FOOD COMPANY, INC., a Corporation; PABLO BACA GAVALDON and RALPH WORTHINGTON,

Appellants,

vs.

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of Frank Feraud and E. C. Feraud,

Appellee.

Transcript of Record

Appeal from the United States District Court for the Southern District of California, Central Division.

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[Clerk's Note: When deemed likely to be of an important nature, errors or doubtful matters appearing in the original certified record are printed literally in italic; and, likewise, cancelled matter appearing in the original certified record is printed and cancelled herein accordingly. When possible, an omission from the text is indicated by printing in italic the two words between which the omission seems to occur.]

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NAMES AND ADDRESSES OF ATTORNEYS

For Appellant:

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Subway Terminal Building,
Los Angeles 13, California.

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HARRIS, KIECH, FOSTER & HARRIS,
FORD HARRIS, JR.,
WARREN L. KERN,
417 South Hill Street,
Los Angeles 13, California.

In the United States District Court, Southern District of California, Central Division

Civil Action No. 19355-WM

RAMIREZ & FERAUD CHILI CO., a Co-Partnership, Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY OF CALIFORNIA, INC., a Corporation; PABLO BACA GAVALDON; RALPH WORTHINGTON; JOHN DOE I and JOHN DOE II,

Defendants.

COMPLAINT FOR TRADE-MARK INFRINGEMENT AND UNFAIR COMPETITION

Plaintiff, complaining of defendants, alleges as follows:

I.

Plaintiff, Ramirez & Feraud Chili Co., is a copartnership having a principal place of business in the City of Ventura, County of Ventura and State of California, and composed of Frank Feraud and E. C. Feraud, copartners, each a citizen of the United States, residing at the City of Ventura, County of Ventura and State of California. [2*]

II.

Defendant, Las Palmas Food Company of California, Inc., is a California corporation having a

*Page numbering appearing at foot of page of original Certified Transcript of Record.

place of business in the County of Los Angeles, State of California, and within this judicial district.

III.

Pablo Baca Gavaldon, also known as Pablo Baca, is an individual residing at Monterey Park, in the County of Los Angeles, State of California, and within this judicial district.

IV.

Ralph Worthington is an individual residing at Temple City, in the County of Los Angeles, State of California, and within this judicial district.

V.

John Doe I and John Doe II are individuals whose names, identities and residences are not presently known to plaintiff, but, upon leave of Court, same will be added hereto by amendment when ascertained.

VI.

This is an action arising under the Trade-Mark and Unfair Competition Laws of the United States, and particularly the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of the United States Code, and this Court has jurisdiction thereof under said Act as well as under Chapter 85 of Title 28 of the United States Code, Section 1338(b). [3]

First Claim for Relief

VII.

In or about February, 1922, plaintiff adopted and used the trade-mark, "Las Palmas" for various canned Spanish foods and condiments, and has continuously employed said mark in connection with the sale and distribution of its said goods in interstate commerce in the United States from that date to the present time and in commerce between the United States and the Republic of Mexico from at least as early as August, 1948, to the present date. Included among the items to which plaintiff applies said mark are chili peppers, chili sauce, and canned beans with chili sauce.

Annexed hereto and marked Exhibit A is plaintiff's "Las Palmas" red chili sauce label presently in use in the United States and in the Republic of Mexico.

VIII.

On or about July 9, 1940, the trade-mark, "Las Palmas" in design was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1905, for Canned Spanish Red Chili Sauce and Canned Beans with Chili Sauce, being registration No. 379,295. On or about May 10, 1949, said trade-mark was duly republished by plaintiff under the Trade-Mark Act of 1946, pursuant to Section 12(c) of said act (15 U.S.C. 1062[c]). On or about August 13, 1954, a combined affidavit pursuant to Sections 8 and 15 of the Trade-Mark Act

of 1946 (15 U.S.C. 1058 and 1065) was accepted and received, respectively, in the United States Patent Office, whereby said registration is now incontestable, and the certificate thereof constitutes conclusive evidence of plaintiff's exclusive right to use said mark in commerce on its said goods. [4]

A soft copy of said registration is annexed hereto and marked Exhibit B.

IX.

On or about November 3, 1953, the trade-mark, "Las Palmas" was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946 for Canned Roasted and Peeled Green Chili Peppers; Canned Red Chili Sauce; Canned Green Chili Sauce; Canned Beans with Chili Sauce; and Canned Lima Beans with Chili Sauce, being registration No. 582,054.

A soft copy of said registration is annexed hereto and marked Exhibit C.

X.

Defendants have been, for some time past and still are, infringing said registered trade-marks of plaintiff, and each of them, by using, without the consent of plaintiff, a counterfeit, copy, or colorable imitation of plaintiff's said registered trade-marks in connection with the sale, offering for sale, and advertising of red chili sauce within the Republic of Mexico, such use by defendants interfering with and adversely affecting plaintiff's interstate and foreign commerce in such goods, and, in particular, defendants have applied and are applying the mark "Las

Palmas" and design to labels used on red chili sauce which they are selling, or causing to be sold, in Tijuana and other border cities in the Republic of Mexico, thereby causing confusion or mistake and deceiving buyers as to the source or origin of the said goods.

Annexed hereto and marked Exhibit D is defendants' "Las Palmas" red chili sauce label presently employed by defendants in the Republic of [5] Mexico.

Second Claim for Relief

XI.

Plaintiff reasserts and reaffirms each and every of the allegations set forth in Paragraphs I through VII hereof.

XII.

Plaintiff has, in the course of over thirty years last past, expended great effort and large sums in advertising and promoting the sale of its Spanish foods and condiment under the trade-mark "Las Palmas" and has sold large quantities of its said goods, including its red chili sauce, prominently displaying said mark on the labels affixed to the containers therefor (as shown in Exhibit A annexed hereto) throughout the United States and in the border towns of Mexico, such as Nogales, Tijuana and Ensenada. As a result of such labor, advertising and promotion over a long period of time, and the excellent quality of its products sold under said mark, plaintiff has developed a valuable good will associated with its mark and label and a recognition

thereof by purchasers in Mexico, as well as in the United States.

XIII.

In or about June of 1953, the defendants, Baca, Worthington, John Doe I and John Doe II formed the plan, scheme, and conspiracy to appropriate for themselves, and to the injury of plaintiff, the plaintiff's trade-mark "Las Palmas" and the good will associated therewith in the Republic of Mexico and to compete unfairly with plaintiff thereat, and, in concert with each other and the defendant, Las Palmas Food Company of California, Inc., said defendants did engage in the acts hereinafter alleged in furtherance thereof, all with full knowledge of the prior use [6] by plaintiff of its said trade-mark "Las Palmas" for red chili sauce in the United States and the Republic of Mexico.

XIV.

In or about June of 1953, defendant Worthington did cause to be incorporated in the State of California the Las Palmas Food Company of California, Inc., to engage in the manufacture and sale of food products, the name of said corporation having been chosen with the intent to compete unfairly with plaintiff, and specifically to trade on the plaintiff's good will in the trade-mark "Las Palmas" and to confuse and deceive the public and trade.

XV.

In or about October of 1953, said defendants commenced to pack red chili sauce under the "Las

Palmas" trade-mark and sell the same in the Republic of Mexico, and they are continuing to sell the same, particularly in border towns, such as Tijuana, where plaintiff's "Las Palmas" red chili sauce was and is popular; and, in order to further deceive purchasers and the trade and to secure to themselves the plaintiff's good will established in this brand, said defendants copied and counterfeited plaintiff's entire "Las Palmas" label, employing not only the identical trade-mark, but also the exact colors of plaintiff's label and the same format, style of printing, and a similar layout and design, all as shown by a comparison of Exhibits A and D annexed hereto.

XVI.

In or about October of 1953, said defendants, for the further purpose of harassing plaintiff and appropriating to themselves the good will in the "Las Palmas" trade-mark in Mexico, caused to be filed an application to register said trade-mark in Mexico for chili sauces and canned spices in the name of [7] Fernando De La Pena of Tijuana, Baja California, Mexico, which registration issued under No. 76,068 on October 28, 1953, said registration being thereafter assigned to defendant Pablo Baca Gavaldon.

XVII.

On or about August 30, 1955, defendant Las Palmas Food Company of California, Inc., addressed a communication to plaintiff and each of its brokers and wholesalers in the United States and Mexico selling plaintiff's "Las Palmas" red chili

sauce in Mexico, advising them that said defendant was the owner of the "Las Palmas" brand registered in Mexico, and asserting an "enfringement" thereof by virtue of any exportation of plaintiff's products bearing this trade-mark.

A copy of said communication is annexed hereto and marked Exhibit E.

XVIII.

The communication Exhibit E was designed and intended by defendants to harass the plaintiff and coerce its wholesalers and brokers, under threat of suit, from shipping into Mexico for sale thereat, plaintiff's "Las Palmas" food products, which had theretofore been continuously sold in Mexico since long prior to 1953, to the knowledge of said defendants; and said communication was and is not only untrue in its factual statements, but was not sent out for the purpose of notifying the recipients of any legitimate legal rights of defendants, but to wrongfully induce the plaintiff's wholesalers and brokers to abandon their lawful sales in Mexico under said brand, all in furtherance of defendants' plan, scheme, and conspiracy to appropriate to themselves plaintiff's valuable market and good will in the Republic of Mexico. [8]

XIX.

As a result of defendants' unlawful acts of trademark infringement and unfair competition aforesaid, members of the purchasing public and the trade in the Republic of Mexico have been and are

being deceived into buying defendants' product sold under the label Exhibit D as and for the product of plaintiff; plaintiff's wholesalers and brokers, or certain of them, who customarily purchase plaintiff's goods for sale in Mexico, have discontinued selling and shipping plaintiff's "Las Palmas" products into Mexico in view of the defendants' litigation threats, as aforesaid; and members of the public, retailers and wholesalers in the United States and Mexico have been and are confused by the corporate name of defendant Las Palmas Food Company of California, Inc., whereby plaintiff's sales of its "Las Palmas" products have declined and diminished, particularly its sales to wholesalers customarily shipping into Mexico, and plaintiff's valuable good will in its said trade-mark has been and is being appropriated by defendants.

XX.

As a result of defendants' said unlawful acts, plaintiff has suffered, and will suffer in the future if such acts continue, great and irreparable injury and damage, the extent of which cannot presently be ascertained, and plaintiff has no speedy and adequate remedy at law.

Wherefore, plaintiff prays as follows:

(1) For a temporary and permanent injunction enjoining the defendants, and each of them, their agents, servants, employees and attorneys and those in active concert or participation with them, who receive actual notice of such injunction, all such par-

ties being under the jurisdiction of this [9] honorable Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff in the United States and/or in the Republic of Mexico, and specifically:

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or in the Republic of Mexico in connection with the sale, distribution, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments.

(b) From aiding or participating, either directly or indirectly, in the sale distribution, promotion, advertising for sale, or display in the Republic of Mexico of red chili sauce and/or any other Spanish-type foods or condiments labeled in accordance with the label, Exhibit D, annexed to the complaint herein, or with any other label confusingly similar to plaintiff's label, Exhibit A.

(2) For a temporary and permanent injunction against the defendant, Las Palmas Food Company of California, Inc., enjoining said corporation from using or employing the words "Las Palmas" in its corporate name or otherwise as a trade name under which it engages in any business.

(3) For an order requiring defendant Las Palmas Food Company of California, Inc., to advise in writing each of the parties to whom it forwarded

the letter, Exhibit E, annexed to the complaint herein, of its retraction thereof, the contents of said retraction letters to be approved by this honorable Court.

(4) For an accounting of the damages sustained by plaintiff and the defendants' profits, in accordance with [10] Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117).

(5) For a judgment against defendants in the amount of three times plaintiff's damage, in accordance with Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117).

(6) For plaintiff's costs in this action.

(7) For such other and further relief as to the Court may seem just and proper in the premises.

Dated at Los Angeles, California, this 19th day of January, 1956.

HARRIS, KIECH, FOSTER & HARRIS,
FORD HARRIS, JR.,
WARREN L. KERN,

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

[Endorsed]: Filed January 19, 1956.

Amended May 25, 1956. [11]

[Title of District Court and Cause.]

NOTICE OF AND MOTION FOR PRELIMINARY INJUNCTION

To: Las Palmas Food Company of California, Inc., Pablo Baca Gavaldon, and Ralph Worthington, Defendants; and C. Loy Mason, Esq.

Now comes the plaintiff, Ramirez & Feraud Chili Co., a co-partnership composed of Frank Feraud and E. C. Feraud, and gives notice that on Monday, February 20, 1956, at the hour of 10:00 o'clock a.m., or as soon thereafter as counsel can be heard, in the courtroom of this honorable Court, in the United States Post Office & Court House Building, Los Angeles, California, it will move the Court for an order granting a preliminary injunction pending the trial of this action, or until further order of [17] the Court, restraining the defendants Las Palmas Food Company of California, Inc., Pablo Baca Gavaldon, also known as Pablo Baca, and Ralph Worthington, and each of them, their officers, agents, servants, employees and attorneys and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or the Republic of Mexico in connection with the sale, distribution, promotion,

advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments;

(b) From aiding or participating, either directly or indirectly, in the preparation, packing, sale, distribution, promotion, advertising for sale, or display in the Republic of Mexico of red chili sauce and/or any other Spanish-type foods or condiments labeled in accordance with the label, Exhibit D, annexed to the complaint, a copy of said label being annexed to said preliminary injunction, or labeled in accordance with any other label confusingly similar to plaintiff's label, Exhibit A, annexed to the complaint, a copy of said label being annexed to said preliminary injunction.

(c) From representing, either orally or in writing, to any others not party to this suit, that the exportation to the Republic of Mexico or sale therein of "Las Palmas" brand products of plaintiff constitutes an infringement or other violation of the rights of defendants or any of them.

In support of this motion, plaintiff will rely upon the appended memorandum of points and authorities, the affidavits [18] of Ernest C. Feraud, Jo. Weilbacher, Allan S. Klauber, Richard Strauss and Walton Eugene Tinsley and possibly others, and upon the pleadings of file herein.

Dated at Los Angeles, California, this 10th day of February, 1956.

HARRIS, KIECH, FOSTER & HARRIS,

FORD HARRIS, JR.,
WARREN L. KERN,
WALTON EUGENE TINSLEY,

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

[Endorsed]: Filed February 13, 1956. [19]

[Title of District Court and Cause.]

DEFENDANT'S WRITTEN STATEMENT OF REASONS IN OPPOSITION TO PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

Defendants Las Palmas Food Company, Inc., a corporation, Ralph Worthington and Pablo Baca Gavaldon will oppose plaintiff's Motion for Preliminary Injunction on each and all of the reasons hereinafter listed. The defendant will, however, move the court for a continuance of the hearing on said plaintiff's motion on the grounds that defendants have had inadequate time to prepare the opposition thereto, and particularly on the grounds that defendants have had insufficient time within which to obtain affidavits from Mexico with reference to the allegations in plaintiff's complaint and plaintiff's supporting papers, as shown by the affidavit of C. Loy Mason heretofore filed on or about Feb-

ruary 16th, 1956. Defendants here list their reasons in opposition pursuant to local Rule 3.

1. This court does not have jurisdiction of the subject matter of the action [51] or of either "Claim for Relief" therein or of the acts of defendants as to which a preliminary injunction is sought by plaintiff's motion, inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed pursuant to a valid registration of trade-mark by defendants in Mexico.

2. Neither plaintiff's complaint, nor plaintiff's motion and its supporting papers, nor both of them, state a claim upon which relief can be granted.

Said opposition will be based on the following:

(1) This Statement of Reasons;

(2) Defendants' Memorandum of Points and Authorities;

(3) Affidavit of Ralph Worthington;

(4) Photostatic copy of trademark registration No. 76068, Republic of Mexico, re "Las Palmas," marked Exhibit A1, free English translation thereof A2;

(5) Photostatic copy of license from Department of Health, Republic of Mexico, dated August 3, 1955, marked Exhibit B1, free English translation thereof, B2;

(6) Such additional affidavits as defendants may obtain, primarily from the Republic of Mexico, prior to the hearing of plaintiff's motion;

(7) All the files and records in this case, especially "Defendants' Memorandum in Support of Motion to Dismiss" heretofore filed and served on or about February 10, 1956.

Items (2), (3), (4) and (5) above are served and filed concurrently herewith. Item (4) (trade-mark registration No. 76068) is attached hereto and marked Exhibit A1, free English translation A2; Item (5) (license) is attached hereto and marked Exhibit B1, free English translation B2.

Defendants have already arranged to obtain from Mexico the affidavit of Lic. Juan del Avellan Ochoa, a recognized attorney and authority on Mexican trade-mark law, so that the statutes of Mexico and their proper interpretation will properly be before the Court upon the hearing of plaintiff's motion.

Defendants are also attempting to obtain under Item 6 the affidavit of Pablo Baca Gavaldon who is presently in Mexico. Said defendant was served by the [52] Marshal leaving at said defendant's Los Angeles residence a copy of the complaint and summons with a person of discretion, which summons and complaint were not delivered personally to said defendant. Defendant's attorney has been able to establish contact only by phone within the last three days with defendant.

Defendants request a continuance so that such affidavits from Mexico may be before the Court.

Dated this 17th day of February, 1956.

Respectfully submitted,

MASON & HOWARD,

By /s/ C. LOY MASON,

Attorneys for Defendants Las Palmas Food Company, Inc., a Corporation, Ralph Worthington and Pablo Baca Gavaldon.

[Endorsed]: Filed February 17, 1956. [53]

[Title of District Court and Cause.]

NOTICE OF MOTION TO DISMISS

To: Plaintiffs, and to Their Attorneys, Harris, Kiech, Foster & Harris:

You, and Each of You, Will Please Take Notice that on Monday, February 27, 1956, at the hour of 9:30 a.m., or as soon thereafter as counsel can be heard, in the above-entitled Court, courtroom of the Hon. William Mathes, Federal Building, Los Angeles, California, defendants Las Palmas Food Company of California, Inc., and Ralph Worthington, for themselves alone, will move the Court, pursuant to Federal Rule of Civil Procedure 12(b) for an order dismissing the action herein, and each "Claim for Relief" therein, on the grounds that (a) this court does not have jurisdiction of the subject matter of the action or of either "Claim

for Relief," inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed [64] pursuant to a registration of trade-mark by defendants in Mexico, all as appears in the complaint herein and as elaborated in defendants' Memorandum in Support of Motion to Dismiss, and on the further grounds, (b) that the complaint and each "Claim for Relief" therein, fails to state a claim upon which relief can be granted.

Said motion will be based on the Complaint, this Notice of Motion, and on Defendants' Memorandum in Support of Motion to Dismiss, which is served and filed concurrently herewith.

Dated this 10th day of February, 1956.

MASON & HOWARD,

By /s/ C. LOY MASON,

Attorneys for Defendants Las Palmas Food Company of California, Inc., and Ralph Worthington.

Receipt of copy acknowledged.

[Endorsed]: Filed February 10, 1956. [65]

[Title of District Court and Cause.]

AFFIDAVIT OF JUAN del AVELLANO OCHOA

Republic of Mexico,
Mexico, D. F.—ss.

Juan del Avellano Ochoa, being first duly sworn, deposes and says:

That he is an attorney at law, licensed to practice as such in all of the Courts of the Republic of Mexico, having been admitted to practice on the 16th day of March, 1937, and has actively engaged in the practice of law since such date; counsel for trade-marks, patents and taxation; that affiant is familiar with and able to interpret the trade-mark law of the Republic of Mexico and advises many owners of trade-marks regarding the legal significance of trade-marks and the rights of the holders of registered trade-marks; that affiant has represented many litigants as an attorney in trade-mark litigation before the [67] Courts of the Republic of Mexico.

That affiant has examined the trade-mark "Las Palmas" #76068 issued to Fernando de la Pena on the 10th day of February, 1954, and assigned to Pablo Baca Gavaldon and registered in the Office of the Secretaria De Economia Direccion General De La Propiedad Industrial on November 30, 1954; photostatic copies of registered trade-mark are filed herewith; that said trade-mark was legally issued under the laws of the Republic of Mexico and legally assigned to Pablo Baca Gavaldon; that under the laws of the Republic of Mexico, Pablo Baca

Gavaldon is now the exclusive owner of said trade-mark and has the exclusive right to sell in the Republic of Mexico products consisting of chili sauce and spice under the name Las Palmas; that since the granting of said trade-mark it has been against the laws of the Republic of Mexico for any person other than the owner thereof to import into Mexico or to offer for sale at either wholesale or retail in Mexico any chili sauce or spices carrying the trade-mark, name or label "Las Palmas," all as is shown by Ley de la Propiedad Industrial de 31 de diciembre de 1942, publicada en al Diario Oficial de 31 de diciembre de 1942, y Reglamento de la Ley de la Propiedad Industrial de la mima fech.

That since November 30, 1954, Pablo Baca Gavaldon has had and now has the exclusive right to manufacture and offer for sale in the Republic of Mexico chili sauce and spices bearing the label and/or trade-mark "Las Palmas" if said products meet the requirements of the Secretaria De Salubridad y Asistencia of the Republic of Mexico (liberally translated to English—The Department of Health).

Unlike the trade-mark laws of the United States of America, as I understand them, the use of a trade-mark not registered under the laws of the Republic of Mexico neither confersnor creates rights in the favor of the user; rights in trade-marks in the Republic of Mexico are established only by registration and subsequent use under the laws of the Republic of Mexico.

/s/ J. del AVELLANO.

Subscribed and sworn to before me this 20th day of February, 1956.

[Seal] /s/ VIRGIL E. PRICHARD,
Vice Counsul of the United States of America.

Affidavit of Service by Mail attached.

[Endorsed]: Filed March 1, 1956. [68]

United States District Court for the Southern District of California, Central Division

No. 19355-WM Civil

RAMIEREZ & FERAUD CHILI CO., a Co-partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY OF CALIFORNIA, INC., a Corporation, PABLO BACA GAVALDON, RALPH WORTHINGTON, JOHN DOE I, and JOHN DOE II,

Defendants.

JUDGMENT OF DISMISSAL FOR LACK OF JURISDICTION OVER SUBJECT MATTER

The defendants' motion to dismiss the action for lack of jurisdiction over the subject matter and for failure to state a claim upon which relief can be granted having been heard on March 20, 1956, and the matter having been submitted to the Court and

an order thereafter having been entered on May 4, 1956, granting said motion for lack of jurisdiction over the subject matter and directing the entry of this judgment, now, therefore, it is ordered, adjudged and decreed as follows:

1. That the above-entitled action be and it hereby is dismissed for want of jurisdiction over the subject matter;

2. That said dismissal is not and shall not operate as an adjudication upon the merits of the claim or claims, if any, alleged in the complaint herein; [70]

3. That each party shall bear his or its own costs;

4. That plaintiff may have twenty days from the date of this order within which to serve and file an amended complaint, if so advised.

/s/ WM. C. MATHES,
United States District Judge.

Approved as to Form:

HARRIS, KIECH, FOSTER & HARRIS,
FORD HARRIS, JR.,
WARREN L. KERN,
WALTON EUGENE TINSLEY,
By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

Receipt of Copy acknowledged.
[Endorsed]: Filed May 11, 1956.
Docketed and entered May 14, 1956. [71]

[Title of District Court and Cause.]

AMENDED COMPLAINT FOR TRADE-MARK INFRINGEMENT AND UNFAIR COMPETITION

Plaintiff, complaining of defendants, alleges as follows:

I.

Plaintiff, Ramirez & Feraud Chili Co., is a co-partnership having a principal place of business in the City of Ventura, County of Ventura, and State of California, and composed of Frank Feraud and E. C. Feraud, co-partners, each a citizen of the United States, residing at the City of Ventura, County of Ventura, and State of California. [73]

II.

Defendant Las Palmas Food Company, Inc., is a California corporation having a place of business in the County of Los Angeles, State of California, and within this judicial district. Said corporation is engaged in the business of importing, packing, and distributing food products in the United States and in the Republic of Mexico.

III.

Pablo Baca Gavaldón, also know as Pablo Baca, is an alien residing at Monterey Park, in the County of Los Angeles, State of California, and within this judicial district. Said defendant has been engaged in the food business in the United States for approximately thirty (30) years last past.

IV.

Ralph Worthington is an individal residing at Temple City, in the County of Los Angeles, State of California, within this judicial district, and is the President of defendant Las Palmas Food Company, Inc.

V.

John Doe I and John Doe II are individuals whose names, identities, and residences are not presently known to plaintiff, but, upon leave of Court, same will be added hereto by amendment when ascertained.

VI.

This is an action arising under the Trade-Mark and Unfair Competition Laws of the United States, and particularly the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of [74] the United States Code, and this Court has jurisdiction thereof under said Act as well as under Chapter 85 of Title 28 of the United States Code, Section 1338(b).

VII.

In or about February, 1922, plaintiff adopted and used the trade-mark "Las Palmas" for various canned Spanish foods and condiments, and has continuously employed said mark on labels annexed to the containers for its said goods sold and shipped in local and interstate commerce in the United States, from that date to the present time.

Included among the items to which plaintiff applies said mark are chili peppers, chili sauce, and canned beans with chili sauce.

VIII.

From at least as early as August, 1948, and continuously to the present date, plaintiff has employed its said trade-mark "Las Palmas" in commerce between the United States and the Republic of Mexico, and its said trade-marked products have been continuously sold within the Republic of Mexico from at least as early as the year 1948 to the present date.

Annexed hereto and marked Exhibit A is plaintiff's "Las Palmas" red chili sauce label presently in use in the United States and in the Republic of Mexico on its ten (10) ounce cans.

IX.

On or about July 9, 1940, the trade-mark "Las Palmas" in design was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1905, for Canned Spanish Red Chili Sauce and Canned Beans with Chili Sauce, being registration No. 379,295. On or about May 10, 1949, said [75] trade-mark was duly republished by plaintiff under the Trade-Mark Act of 1946, pursuant to Section 12(c) of said Act (15 U.S.C. 1062[c]). On or about August 13, 1954, a combined affidavit pursuant to Sections 8 and 15 of the Trade-Mark Act of 1946 (15 U.S.C. 1058 and 1065) was accepted and received, respectively, in the United States Patent

Office, whereby said registration is now incontestable, and the certificate thereof constitutes conclusive evidence of plaintiff's exclusive right to use said mark in commerce on its said goods.

A copy of said registration is annexed hereto and marked Exhibit B.

X.

On or about November 3, 1953, the trade-mark "Las Palmas" was duly registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946 for Canned Roasted and Peeled Green Chili Peppers; Canned Red Chili Sauce; Canned Green Chili Sauce; Canned Beans with Chili Sauce; and Canned Lima Beans with Chili Sauce, being registration No. 582,054.

A copy of said registration is annexed hereto and marked Exhibit C.

XI.

Plaintiff has, in the course of over thirty (30) years last past, expended great effort and large sums in advertising and promoting the sale of its Spanish foods and condiments under the trade-mark "Las Palmas," both in the United States and in the Republic of Mexico, and has sold large quantities of its said goods, including its red chili sauce, prominently displaying said "Las Palmas" mark on the labels affixed to the containers therefor (as shown in Exhibit A annexed hereto) throughout the United States and in the border towns of Mexico, such as Mexicali, [76] Tijuana, and Ensenada. As a result of such labor, advertising, and promotion

over a long period of time, and the excellent quality of its products sold under said mark, plaintiff has developed a valuable good will associated with its mark and label and a recognition thereof by purchasers both in Mexico and in the United States.

XII.

In or about March, 1953, plaintiff brought an action in the United States District Court, Southern District of California, Central Division, for infringement of plaintiff's trade-mark "Las Palmas," against one Earl E. Somerville, an individual doing business as Villmer Packing Co., said action being No. 15268-HW Civil. Said action, after depositions of the defendant, was terminated in a consent decree on January 29, 1954, in favor of this plaintiff, said decree holding plaintiff's "Las Palmas" trade-mark registration valid and infringed by the defendant Somerville and perpetually restraining said defendant Somerville, individually, and doing business as Villmer Packing Co., as well as "his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with him, who receive actual notice of said injunction by personal service or otherwise, from infringing plaintiff's trade-mark 'Las Palmas,' by, directly or indirectly, selling, causing to be sold, advertising for sale, or promoting the sale of any Spanish foods, condiments, spices, or goods of similar descriptive properties thereto, under the notation, trade-mark, or trade name '6 Palmas,' 'Seis Palmas,' 'Las Palmas,' or any other notation, trade-mark, or

trade name which includes the word 'Palm,' 'Palms,' 'Palma,' or 'Palmas' as a prominent portion of such notation, trade-mark, or trade name." [77]

XIII.

Said Somerville, the defendant enjoined in the aforementioned action, was represented therein by C. Loy Mason, an attorney at law admitted to practice in the State of California and before this Honorable Court, said attorney presently representing the named defendants herein.

XIV.

Said Somerville, the defendant enjoined in the aforementioned prior action, was, during the pendency of said suit, a personal acquaintance of, and had theretofore engaged in business dealings with, both defendants Worthington and Baca herein, and defendant Baca had knowledge of such suit during the pendency thereof; and, upon information and belief, as a result of such association and as a result of his contacts with attorney C. Loy Mason, who represented Somerville in said suit, defendant Worthington learned and well knew of plaintiff's use of its "Las Palmas" trade-mark and the pendency and result of the said action which had been brought against said Somerville.

XV.

In or about June of 1953, and during the pendency of the aforementioned action by plantiff against said Somerville, the defendants Worthington, John Doe I, and John Doe II formed the plan, scheme,

and conspiracy to injure the business of plaintiff herein and to appropriate for themselves the plaintiff's trade-mark "Las Palmas" and the good will associated therewith in the United States and the Republic of Mexico, and, in concert with each other, and subsequently in concert with defendant Baca and defendant Las Palmas Food Company, Inc., said defendants did engage in the acts hereinafter alleged in furtherance thereof, all with full knowledge of the prior use by plaintiff of its said trade-mark "Las Palmas" for red chili sauce in the [78] United States and the Republic of Mexico.

XVI.

In or about June of 1953, and during the pendency of the aforementioned action by plaintiff against said Somerville and with knowledge thereof, defendant Worthington did cause to be incorporated, through said Somerville's attorney, C. Loy Mason, the defendant Las Palmas Food Company, Inc., to engage in the manufacture and sale of food products. Upon information and belief, the name of said corporation was chosen with malice to revenge the suit by this plaintiff against Somerville, and, further, it was so chosen with the deliberate intent to compete unfairly with plaintiff in the United States and in the Republic of Mexico, and specifically to trade on the plaintiff's good will in the trade-mark "Las Palmas" and to confuse and deceive the public and trade.

XVII.

Either shortly before on shortly after said incorporation of Las Palmas Food Company, Inc., as

aforesaid, defendant Baca associated himself with defendant Worthington and subsequently with defendant Las Palmas Food Company, Inc., in a joint venture, and the conspiracy, plan, or scheme aforementioned and all acts of defendants hereinafter alleged were, upon information and belief, perpetrated and carried out by all named defendants herein in pursuance of said plan, scheme, and conspiracy.

XVIII.

Thereafter and in or about the latter part of 1953, defendants commenced the importation from Mexico and sale in commerce in the United States of Spanish type foods and condiments, and particularly chilis under labels bearing the trade [79] name Las Palmas Food Co., Inc.; subsequently defendants commenced packing in the United States and selling in commerce in this country Spanish type foods bearing said trade name on the labels thereof, which trade name incorporated plaintiff's registered trade-mark therein and was adopted and used for the purpose of carrying forward the plan, scheme, and conspiracy above mentioned, and for the additional purpose of causing the trade and buyers to believe that the products of said defendants were associated in some manner with plaintiff or emanated from the same source. Despite knowledge by defendants and their attorney of the subsequent issuance of the injunction of this Honorable Court against Somerville as set out aforesaid, restraining the use of any trade name containing

"Las Palmas" as a prominent portion thereof for any Spanish foods or condiments, said defendants continued after January 29, 1954, and still continue the use of the trade name Las Palmas Food Company, Inc., in commerce in the United States in connection with products similar or closely related to plaintiff's "Las Palmas" products.

XIX.

In or about October of 1953, said defendants, for the purpose of harassing plaintiff and appropriating to themselves plaintiff's good will in the "Las Palmas" trade-mark in Mexico, caused to be filed an application to register said trade-mark in Mexico for chili sauces and canned spices in the name of Fernando De La Pena of Tijuana, Baja California, Mexico, which registration issued under No. 76,068 on October 28, 1953, said registration being thereafter assigned to defendant Pablo Baca [80] Gavaldon.

XX.

In or about March of 1955, said defendants, using plaintiff's labels, Exhibit A, as a model, caused to be printed in the United States a "Las Palmas" label for chili sauce and, using said labels and other supplies obtained in the United States, commenced to pack red chili sauce in ten (10) ounce cans under the "Las Palmas" trade-mark and sell the same in the Republic of Mexico, and they are continuing to sell the same, particularly in border towns, such as Tijuana and Mexicali, where plaintiff's "Las Palmas" red chili sauce was and is popular; and,

in order to further deceive purchasers and the trade and to secure to themselves the plaintiff's good will established in this brand, said defendants deliberately copied and counterfeited plaintiff's entire "Las Palmas" label, employing not only the identical trade-mark, but also the exact colors of plaintiff's label and the same format, style of printing, and a similar layout and design, all as shown by a specimen of said label of defendants, Exhibit D annexed hereto.

XXI.

Persons of Mexican origin or descent, residing in border cities in the United States, such as Calexico and San Diego, purchase many of their groceries and food items, including plaintiff's "Las Palmas" products, in the corresponding Mexican border cities, such as Mexicali and Tijuana, and freely carry such groceries and food items back to the United States, where same are consumed; upon information and belief, such United States residents or citizens, or some of them, have been deceived in Mexico by defendants' spurious products back into the United States for consumption, and there is a substantial likelihood that such purchasers, buying defendants' spurious products in [81] Mexico, will be confused and misled into believing they are buying plaintiff's product; and plaintiff's good will in the United States is thereby placed in jeopardy of any inferiority or impurity in the defendants' spurious product.

XXII.

On or about August 30, 1955, defendant Las Palmas Food Company, Inc., addressed a communi-

cation to plaintiff and each of its brokers and wholesalers in the United States and Mexico selling plaintiff's "Las Palmas" red chili sauce in Mexico, advising them that said defendant was the owner of the "Las Palmas" brand registered in Mexico, and asserting an "enfringement" thereof by virtue of any exportation of plaintiff's products bearing this trade-mark.

A copy of said communication is annexed hereto and marked Exhibit E.

XXIII.

The communication, Exhibit E, was false in content and was sent out in bad faith and with malice by defendants Las Palmas Food Company, Inc., and Worthington, not for the purpose of a legitimate warning to potential infringers, but to harass the plaintiff and coerce its wholesalers and brokers and cause injury to the fine reputation and good will plaintiff enjoyed among such brokers and wholesalers; said communication was sent out with knowledge by defendants of the prior use in Mexico by plaintiff of the "Las Palmas" mark and with knowledge of the consequent invalidity and unenforceability of the Mexican registration which it warned the recipients not to infringe; and said communication was false in that it named Las Palmas Food Companuy, Inc., as the owner of the mark then registered to and owned by the defendant, Baca, in Mexico, in [82] order to create an aura of authenticity to the claim therein.

XXIV.

Thereafter and during the latter part of 1955, plaintiff, on the advice of legal counsel in Mexico, sent representatives to Tijuana, Mexico, to discuss the Mexican sales situation with its wholesalers and distributors and to obtain from its wholesalers and distributors in that location affidavits setting forth the true facts relative to the period of use of the plaintiff's trade-mark "Las Palmas" in Mexico, but, prior to securing the written affidavits of certain of such parties, which plaintiff had been advised were essential to institution of proceedings in Mexico to cancel defendants' spurious registration, defendant Baca approached such parties, or certain of them, who had promised to forward the requisite affidavits, and interfered with the plaintiff's efforts to secure such testimony, by persuading or coercing such distributors not to furnish same, on the argument that such distributors or wholesalers should favor a product produced in Mexico for Mexicans and sold by a local concern; and, on information and belief, defendant Baca on like grounds persuaded a number of plaintiff's wholesalers and distributors in Mexico to thereafter handle defendants' spurious "Las Palmas" products in Mexico in lieu of those of the plaintiff.

XXV.

Defendants' actions in the United States and in the Republic of Mexico, as aforesaid, constitute an unlawful infringement of plaintiff's registered trade-mark "Las Palmas" both in the United States

and in the Republic of Mexico, and unfair competition with plaintiff within both of said countries. [83] As a result thereof, purchasers and members of the trade in the United States have been confused or misled into the belief that the products of defendants bearing the trade-mark "Las Palmas" or the trade name Las Palmas Food Co., Inc., are plaintiff's products, or that they are associated or connected in some manner with plaintiff and its "Las Palmas" products; plaintiff's good will in the United States and in the Republic of Mexico has been jeopardized or destroyed, while defendants' products, so marked, have been and are being sold on the strength of said good will and reputation which plaintiff has built up over the course of many years in its "Las Palmas" trade-mark; plaintiff's fine reputation and good will with its wholesalers and distributors in the United States and Mexico, which it must maintain among such wholesalers and distributors in order that they use their best selling efforts to push plaintiff's "Las Palmas" products in the United States and Mexico, have suffered as a result of their receipt of the false and invidious communication, Exhibit E, sent by defendant as aforesaid; in the Republic of Mexico members of the purchasing public and the trade have been deceived into buying defendants' product sold under the counterfeit "Las Palmas" label, Exhibit D, as and for the product of plaintiff; plaintiff's wholesalers and brokers, or certain of them, who customarily purchase plaintiff's goods for sale in Mexico, have ceased or diminished their

purchases from plaintiff and their shipments into Mexico of plaintiff's "Las Palmas" products; plaintiff's good will, its market and sales in Mexico have been unfairly and unlawfully appropriated by defendants; and both local and interstate commerce in plaintiff's said goods in the United States has been diminished, and its commerce in said goods between the United States and the Republic of Mexico, as well as that of certain of its wholesalers and distributors, has been [84] drastically reduced or wholly curtailed.

XXVI.

As a result of defendants' said unlawful acts, plaintiff has suffered, and will suffer in the future if such acts continue, great and irreparable injury and damage, the extent of which cannot presently be ascertained, and plaintiff has no speedy and adequate remedy at law; upon information and belief, plaintiff's legal remedy against these defendants in the Republic of Mexico is and will not be sufficiently speedy or adequate to preclude the irrevocable injury which will result to plaintiff, absent the intervention of this Court, although plaintiff has filed its petition to cancel defendants' spurious Mexican registration, the institution of these proceedings in Mexico was delayed and rendered more difficult by defendants' interference with plaintiff's efforts to obtain the necessary evidence, as hereinabove set forth; and, upon information and belief, it will consume several years' time from the present date before a final decision may be achieved in said cancellation proceedings in the Republic of Mexico.

Wherefore, plaintiff prays as follows:

(1) For a temporary and permanent injunction enjoining the defendants, and each of them, their agents, servants, employees and attorneys, and those in active concert or participation with them, who receive actual notice of such injunction, all such parties being under the jurisdiction of this honorable Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff in the United States and/or in the Republic of Mexico, and specifically: [85]

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or in the Republic of Mexico on or in connection with the sale, distribution, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments.

(b) From using or employing the trade name, Las Palmas Food Company, Inc., or any other trade name including "Las Palmas" as a part thereof, or any other trade name including as a part thereof a colorable imitation of plaintiff's trade-mark, in the United States and/or in the Republic of Mexico on or in connection with the sale, distribution, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish-type foods or condiments.

(c) From aiding or participating, either directly or indirectly, in the sale, distribution, promotion,

advertising for sale, or display in the United States or in the Republic of Mexico of red chili sauce and/or any other Spanish-type foods or condiments labeled with the trade-mark "Las Palmas" or a trade name including "Las Palmas" as a part thereof, or with any other label confusingly similar to plaintiff's label, Exhibit A, annexed hereto.

(d) From impeding or interfering in any way with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in Mexico and, specifically, from urging or inducing any of plaintiff's wholesalers or distributors in Mexico to refuse to supply affidavits [86] or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in Mexico.

(2) For an order requiring defendant Las Palmas Food Company, Inc., to advise in writing each of the parties to whom it forwarded the letter, Exhibit E, annexed to this complaint, of its retraction thereof, the contents of said retraction letters to be approved by this Honorable Court.

(3) For an order requiring defendant Pablo Baca Gavaldon to assign and transfer all of his right, title, and interest in and to the Mexican registration of the trade-mark "Las Palmas," No. 76,068, issued February 10, 1954, to the plaintiff herein, said assignment to be in writing and in form acceptable for recordation in Mexico.

(4) For an order requiring the defendants to deliver up for destruction all labels, signs, prints,

packages, wrappers, receptacles, and advertisements in their possession, custody, or control, bearing the words "Las Palmas" thereon, whether as a trade-mark or included in a trade name thereon, in accordance with Section 36 of the Trade-Mark Act of 1946 (15 U.S.C. 1118).

(5) For an accounting of the damages sustained by plaintiff and the defendants' profits, in accordance with Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117).

(6) For a judgment against defendants in the amount of three times plaintiff's damage, in accordance with Section 35 of the Trade-Mark Act of 1946 (15 U.S.C. 1117). [87]

(7) For plaintiff's costs in this action.

(8) For such other and further relief as to the Court may seem just and proper in the premises.

Dated: At Los Angeles, California, this 24th day of May, 1956.

HARRIS, KIECH, FOSTER & HARRIS;
FORD HARRIS, JR.;
WARREN L. KERN,
WALTON EUGENE TINSLEY;

By /s/ WARREN L. KERN,
Attorneys for Plaintiff. [88]

State of California,
County of Ventura—ss.

E. C. Feraud, being by me first duly sworn, deposes and says:

That he is one of the co-partners of the plaintiff in the foregoing and above-entitled action; that he has read the foregoing Amended Complaint for Trade-Mark Infringement and Unfair Competition and knows the contents thereof; and that the same is true of his own knowledge, except as to the matters which are therein stated upon his information or belief, and as to those matters that he believes it to be true.

/s/ E. C. FERAUD.

Subscribed and sworn to before me this 24th day of May, 1956.

[Seal] /s/ JOHN PEIRANO,
Notary Public in and for the Above County and State.

Receipt of copy acknowledged.

[Endorsed]: Filed May 25, 1956. [89]

[Title of District Court and Cause.]

NOTICE OF AND MOTION FOR PRELIMINARY INJUNCTION

To Plaintiffs Las Palmas Food Company, Inc.; Pablo Baca Gavaldon and Ralph Worthington; and Mason & Howard and C. Roy Mason, Their Counsel:

Now comes the plaintiff, Ramirez & Feraud Chili Co., a co-partnership composed of Frank Feraud and E. C. Feraud, and gives notice that on Monday, June 4, 1956, at the hour of 10:00 o'clock a.m., or as soon thereafter as counsel can be heard, in the courtroom of this Honorable Court, in the United States Court House and Post Office Building, at Los Angeles, California, it will bring on for hearing its motion for an order granting a preliminary injunction, pending the trial of this action and [96] until further order of the Court, restraining the defendants, and each of them, their officers, agents, servants, employees, and attorneys, and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff in the United States and/or the Republic of Mexico, and specifically:

(a) From using or employing the trade-mark "Las Palmas," or any colorable imitation thereof, in the United States and/or in the Republic of Mexico on or in connection with the sale, distribu-

tion, promotion, advertising for sale, or display of red chili sauce and/or any other Spanish type foods or condiments.

(b) From aiding or participating, either directly or indirectly, in the sale, distribution, promotion, advertising for sale, or display in the United States or in the Republic of Mexico of red chili sauce and/or any other Spanish type foods or condiments labeled with the trade-mark "Las Palmas," or with any other label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint on file herein.

(c) From impeding or interfering in any way with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in Mexico and, specifically, from urging or inducing any of plaintiff's wholesalers or distributors in Mexico to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in Mexico.

(d) From representing, either orally or in writing, to any others not party to this suit, that the exportation to the Republic of Mexico or sale therein of "Las Palmas" brand products of plaintiff constitutes an infringement or other violation of the rights of defendants, or any of them. [97]

In support of this motion plaintiff will rely upon the papers and pleadings on file herein, including the verified amended complaint, the memorandum of points and authorities dated February 10, 1956,

annexed to plaintiff's motion for preliminary injunction filed February 13, 1956; the affidavits of Ernest C. Feraud, dated February 2, 1956, and annexed exhibits; Mrs. Jo, Weilbacher, dated February 10, 1956; Allan S. Klauber, dated February 1, 1956, and annexed exhibit; Richard Strauss, dated February 9, 1956; Walton Eugene Tinsley, dated February 7, 1956, and annexed exhibits; Fred Yasukochi, dated February 10, 1956, and annexed exhibits; J. W. Kyte, dated February 17, 1956, and annexed exhibit; J. W. Kyte, dated March 15, 1956, and Richard Strauss, dated March 16, 1956, and possibly others, and a supplementary memorandum of points and authorities to be filed in support of this motion.

Dated: At Los Angeles, California, this 25th day of May, 1956.

HARRIS, KLECH, FOSTER & HARRIS;
FORD HARRIS, JR.;
WARREN L. KERN,
WALTON EUGENE TINSLEY;

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

[Endorsed]: Filed May 25, 1956. [98]

In the United States District Court, Southern District of California, Central Division

Civil Action No. 19,355—WM

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY, INC., a Corporation; PABLO BACA GAVALDON, RALPH WORTHINGTON, JOHN DOE I and JOHN DOE II,

Defendants.

TEMPORARY RESTRAINING ORDER

Whereas, the verified amended complaint in the above-entitled action was filed on May 25, 1956, praying for a temporary and preliminary injunction enjoining defendants from using the trademark "Las Palmas" in the Republic of Mexico for Spanish foods or condiments; and

Whereas, a motion has been filed by plaintiff herein for a preliminary injunction, said motion being set down for hearing before this Court on June 4, 1956, and affidavits in support of said motion and in opposition thereto having been filed herein; and

Whereas, it appears from the verified amended complaint on file herein and the said affidavits that

defendants' use of [100] the trade-mark "Las Palmas" in Mexico will cause immediate and irreparable injury, loss, and damage to plaintiff unless immediately restrained by this Court without notice; and

Whereas, it also appears prima facie from the foregoing pleadings and affidavits that the Court now has jurisdiction over the subject matter of the action and the persons of the defendants, but, in the event of a transfer by defendants of the Mexican registration No. 76,068, allegedly owned by defendant Baca, or the physical assets of the business in which it is employed, to a nonresident citizen of Mexico, this Court will be powerless to grant the injunctive relief sought, and such transfer would defeat the Court's jurisdiction to enjoin further use of said trade-mark in Mexico;

Now, Therefore, in view of the foregoing, and good cause shown,

It Is Hereby Ordered, Adjudged and Decreed as follows:

That defendants Pablo Baca Gavaldon, Ralph Worthington, and Las Palmas Food Company, Inc., their officers, agents, servants, and employees and attorneys, and those persons in active concert or participation with them, or any of them, who receive actual notice of this order, by personal service or otherwise, are hereby enjoined and restrained, during the period from the date of this order to

and including the date of the decision of this Court on plaintiff's motion for preliminary injunction, which period shall not exceed ten (10) days from the date of this order and any extensions thereof, from selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to:

(a) Mexican trade-mark registration No. 76,068, or any good will associated therewith [101] in Mexico, and/or

(b) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and, specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon:

Provided that plaintiff shall forthwith file a security bond or undertaking of $1,000.00, and conditioned upon the payment of such costs and damages as are incurred or suffered by defendants, or any of them, restrained by this order, if it finally be determined that said defendants have been unlawfully restrained thereby.

It Is Further Ordered that service on or before the 29th day of May, 1956, upon the attorneys for defendants of a true, though uncertified, copy of this order shall be deemed sufficient notice thereof to defendants, and each of them.

Dated: At Los Angeles, California, this 28th day of May, 1956, at 1:45 p.m.

/s/ WM. C. MATHES,
Judge.

[Endorsed]: Filed May 28, 1956.

Docketed and entered May 29, 1956. [102]

[Title of District Court and Cause.]

DEFENDANTS' WRITTEN STATEMENT OF REASONS IN OPPOSITION TO PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

Defendants Las Palmas Food Company, Inc., a corporation; Ralph Worthington and Pablo Baca Gavaldon, will oppose plaintiff's motion for Preliminary Injunction on each and all of the reasons hereinafter listed.

1. This court does not have jurisdiction of the subject matter of the action or of the acts of defendants as to which a preliminary injunction is sought by plaintiff's motion, inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed pursuant to a valid registration of trade-mark by defendants in Mexico.

2. Neither plaintiff's amended complaint, nor plaintiff's motion and its supporting papers, nor

both of them, state a claim upon which relief can be granted. [103]

Said opposition will be based upon this Statement of Reasons, on all the documents heretofore filed by defendants in opposition to plaintiff's prior motion for preliminary injunction, and in support of defendants' prior motion to dismiss, including all affidavits of Ralph Worthington, Pablo Baca Gavaldon and Lic. Juan del Avellano Ochoa, all photostatic copies of trade-mark registrations and licenses, and additional affidavits of Ralph Worthington and Pablo Baca Gavaldon to be filed concurrently herewith or as soon as available to defendants prior to the hearing on plaintiff's said motion; and upon defendants' Memorandum of Points and Authorities (1) In Support of Motion to Dismiss Amended Complaint; (2) In Opposition to Motion for Preliminary Injunction filed concurrently herewith.

Dated this 6th day of June, 1956.

Respectfully submitted,

MASON & HOWARD;

By /s/ C. LOY MASON,

Attorneys for Defendants, Las Palmas Food Company, Inc., a Corporation; Ralph Worthington and Pablo Baca Gavaldon.

[Endorsed]: Filed June 7, 1956. [104]

[Title of District Court and Cause.]

NOTICE OF MOTION TO DISMISS

To Plaintiff and to Its Attorneys, Harris, Kiech, Foster & Harris:

Please Take Notice that on Monday, June 11, 1956, at the hour of 9:30 a.m. or as soon thereafter as counsel can be heard, in the above-entitled Court, Courtroom of the Hon. William Mathes, Federal Building, Los Angeles, California, defendants Las Palmas Food Company of California, Inc.; Ralph Worthington and Pablo Baca Gavaldon, for themselves alone, will move the Court pursuant to Federal Rule of Civil Procedure 12 (b) for an order dismissing the action herein on the grounds that (a) this Court does not have jurisdiction of the subject matter of the action inasmuch as the alleged acts of infringement and unfair competition of defendants have been committed in Mexico, and not within the United States, and have been committed pursuant to a [106] registration of trade-mark by defendants in Mexico, all as appears in the complaint herein and as elaborated in defendants' Memorandum of Points and Authorities, and on the further grounds (b) that the Amended Complaint fails to state a claim upon which relief can be granted.

Said motion will be based on the Amended Complaint, this Notice of Motion, Defendants' Memorandum of Points and Authorities in Support of

Motion to Dismiss, which is served and filed concurrently herewith, and on all the records and files in this case.

Dated this 1st day of June, 1956.

MASON & HOWARD;

By /s/ C. LOY MASON,

Attorneys for Defendants, Las Palmas Food Company of California, Inc., a Corporation; Ralph Worthington and Pablo Baca Gavaldon.

Receipt of copy acknowledged.

[Endorsed]: Filed June 7, 1956. [107]

[Title of District Court and Cause.]

NOTICE OF DISMISSAL AS TO CERTAIN DEFENDANTS

Now comes the plaintiff, Ramirez & Feraud Chili Co., a co-partnership composed of Frank Feraud and E. C. Feraud, and, pursuant to Rule 41 (a) (1) (i) of the Federal Rules of Civil Procedure, dismisses the above-entitled civil action No. 19,355-WM against the defendants John Doe I and John Doe II.

Dated: At Los Angeles, California, this 14th day of June, 1956.

HARRIS, KIECH, FOSTER & HARRIS;

FORD HARRIS, JR.;
WARREN L. KERN,
WALTON EUGENE TINSLEY;

By /s/ WARREN L. KERN,
Attorneys for Plaintiff.

Receipt of copy acknowledged.

[Endorsed]: Filed June 18, 1956.

Docketed and entered June 19, 1956. [109]

[Title of District Court and Cause.]

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER DENYING DEFENDANTS' MOTION TO DISMISS AND GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

Plaintiff having brought on its motion, filed May 25, 1956, for preliminary injunction, and defendants having brought on their motion to dismiss pursuant to Rule 12 (b) (1) and (6) of the Federal Rules of Civil Procedure, filed June 7, 1956; hearing on said motions having been held on June 12, 1956; Harris, Kiech, Foster & Harris, and Warren L. Kern, Esq., appearing as counsel for plaintiff, and Mason & Howard, C. Loy Mason, Esq., and Paul P. Selvin, Esq., appearing as counsel for the defendants, and each of them; this Court having fully considered plaintiff's verified amended complaint, filed May 25, 1956, and Exhibits A through E annexed thereto,

as well as plaintiff's supplemental [111] memorandum of points and authorities in support of said motion for preliminary injunction, filed June 4, 1956; defendants' written statement of reasons in opposition to plaintiff's motion for preliminary injunction, dated June 6, 1956; defendants' memorandum of points and authorities in support of *motion to* dismiss amended complaint and in opposition to motion for preliminary injunction, dated June 6, 1956; defendants' supplemental memorandum, dated June 26, 1956; plaintiff's supplemental memorandum after argument on motions for preliminary injunction and to dismiss, dated June 27, 1956; the additional documents of record herein; the arguments and statements of all counsel during said hearing on said motions, said argument being reported and transcribed in its entirety by the Court reporter, and the following:

Affidavit of Ernest C. Feraud, dated February 2, 1956, and Exhibits 1-A, 1-B, 1-C, 2-A, 2-B 3 and 4, annexed thereto;

Affidavit of Mrs. Jo. Weilbacher, dated February 10, 1956;

Affidavit of Allan S. Klauber, dated February 1, 1956, and Exhibit 1 annexed thereto;

Affidavit of Richard Strauss, dated February 9, 1956;

Affidavit of Walton Eugene Tinsley, dated February 7, 1956, and Exhibits A and B annexed thereto;

Affidavit of Fred Yasukochi, dated February 10, 1956, and Exhibits 1-A and 1-B annexed thereto;

Affidavit of J. W. Kyte, dated February 17, 1956, and Exhibit A annexed thereto;

Second Affidavit of J. W. Kyte, dated March 15, 1956;

Supplementary Affidavit of Richard Strauss, dated March 16, 1956; [112]

Affidavit of Ralph Worthington in opposition to said motion, dated February 17, 1956;

Exhibits A-1, A-2, B-1 and B-2 annexed to defendants' written statement of reasons in opposition to plaintiff's motion for preliminary injunction;

Affidavit of Pablo Baca Gavaldon, dated February 24, 1956;

Affidavit of Juan Del Avellano Ochoa, dated February 20, 1956;

Second Affidavit of Ralph Worthington, dated February 24, 1956, in opposition to Affidavit of J. W. Kyte;

Supplemental Affidavit of Jo. Weilbacher, dated June 1, 1956;

Third Affidavit of Ralph Worthington, dated June 7, 1956, and Exhibit A annexed thereto;

Second Affidavit of Pablo Baca Gavaldon, dated June 20, 1956;

Affidavit of Eliseo Diaz de Leon, dated June 20, 1956;

Extract of Pertinent Mexican Law, constituting translation of Law of Industrial Property, Regulations and Tariff of Fees, Title III, Ch. 1, Art. 99, 100; Ch. IX, Art. 200 (published in Dario Official of December 31, 1942), filed June 13, 1956; and

Plaintiff's Exhibits 1, 1-A, 2 and 2-A, received in

evidence on June 12, 1956, on plaintiff's motion for preliminary injunction;

and the said motions, after argument, having been submitted for decision; [113]

Now, Therefore, the Court, for good cause shown, adopts the following findings of fact and conclusions of law and makes the following order, all based on said record before the Court:

Findings of Fact

1. Plaintiff, Ramirez & Feraud Chili Co., is a co-partnership having a principal place of business in the City of Ventura, County of Ventura, and State of California, and composed of Frank Feraud and E. C. Feraud, co-partners, each a citizen of the United States, residing at the City of Ventura, County of Ventura, and State of California.

2. Defendant Las Palmas Food Company, Inc., is a California corporation having a place of business in the County of Los Angeles, State of California, and within this judicial district. Said corporation has been engaged in the business of importing and distributing food products in the United States and is now engaged in packing and distributing such products in the Republic of Mexico.

3. Pablo Baca Gavaldon, commonly known as Pablo Baca or Paul Baca, is an alien residing at Monterey Park, in the County of Los Angeles, State of California. Said defendant has been engaged in

the food business in the United States for approximately thirty (30) years last past.

4. Ralph Worthington is a citizen of the United States, residing at Temple City, in the County of Los Angeles, State of California, and is the President of defendant Las Palmas Food Company, Inc. [114]

5. This is an action arising under the Trade-Mark and Unfair Competition Laws of the United States, and particularly the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946; Chapter 22 of Title 15 of the United States Code, and under Chapter 85 of Title 28 of the United States Code, Section 1338 (b).

6. In or about February, 1922, plaintiff adopted and used the trade-mark "Las Palmas" for various canned Spanish foods and condiments, and has continuously employed said mark on labels annexed to the containers for its said goods sold and shipped in local and interstate commerce in the United States from that date to the present time. Included among the items of Spanish foods and condiments to which plaintiff applies said mark are chili peppers, chili sauce, and canned beans with chili sauce.

7. From at least as early as August, 1948, and continuously to the present date, plaintiff has employed its said trade-mark "Las Palmas" in commerce between the United States and the Republic of Mexico, and its said trade-marked products have been continuously sold within the Republic of

Mexico from at least as early as the year 1948 to the present date.

8. Annexed to the amended complaint herein as Exhibit A is a specimen of plaintiff's "Las Palmas" red chili sauce label presently in use in the United States and in the Republic of Mexico on its ten (10) ounce cans of said product.

9. On or about July 9, 1940, the trade-mark "Las Palmas" in design was registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1905, for Canned Spanish Red Chili Sauce and Canned Beans with Chili Sauce, [115] being registration No. 379,295. On or about May 10, 1949, said trade-mark was republished by plaintiff under the Trade-Mark Act of 1946, pursuant to Section 12 (c) of said Act (15 U.S.C. 1062 [c]). On or about August 13, 1954, a combined affidavit pursuant to Sections 8 and 15 of the Trade-Mark Act of 1946 (15 U.S.C. 1058 and 1065) was accepted and received, respectively, in the United States Patent Office, whereby said registration is now incontestable, and the certificate thereof constitutes conclusive evidence of plaintiff's exclusive right to use said mark in commerce on its said goods.

10. On or about November 3, 1953, the trade-mark "Las Palmas," apart from any design, was registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946 for Canned Roasted and Peeled Green Chili Peppers; Canned Red Chili Sauce; Canned Green Chili Sauce;

Canned Beans with Chili Sauce, and Canned Lima Beans with Chili Sauce, being registration No. 582,054.

11. Plaintiff's "Las Palmas" food products are well advertised both in the United States and in the Republic of Mexico; such advertising in the United States has appeared continuously during the past twenty (20) years in newspapers and home and trade magazines. In the Republic of Mexico plaintiff has continuously advertised its "Las Palmas" red chili sauce since 1951 by daily radio spots over Station XEAU in Tijuana, Baja California.

12. Plaintiff, during the course of the last thirty (30) years, has sold large quantities of its Spanish foods and condiments under the "Las Palmas" trade-mark throughout the United States and, since 1948, has enjoyed substantial sales of its red chili sauce, prominently displaying the "Las Palmas" mark on [116] the labels (Exhibit A annexed to the amended complaint), in the Republic of Mexico, particularly in the northwestern border cities of the Republic of Mexico, such as Mexicali, Tijuana, and Ensenada.

13. As a result of plaintiff's advertising and extensive sales of its products over a long period of time under the "Las Palmas" trade-mark, plaintiff has developed a valuable good will associated with its mark and label both in the United States and in the Republic of Mexico.

14. The defendant Las Palmas Food Company,

Inc., was incorporated by present counsel for defendants, C. Loy Mason, in June, 1953.

15. It is not true that the name of defendant corporation was innocently chosen by defendant Worthington, its principal incorporator, because of any alleged recollection by said defendant of the name of the city of Las Palmas in the Canary Islands; nor is it true that said Worthington had no knowledge of the existence of plaintiff's United States trade-mark "Las Palmas" prior to said incorporation of defendant Las Palmas Food Company, Inc.; but, on the contrary, said corporate name was chosen by defendant Worthington with knowledge of plaintiff's trade-mark and intent to trade on plaintiff's good will.

16. Either shortly before or shortly after the incorporation of defendant corporation, defendant Baca associated himself with defendant Worthington, and subsequently with defendant Las Palmas Food Company, Inc., in a joint venture to process, import, and distribute food products in the United States and in the [117] Republic of Mexico, using the "Las Palmas" trade-mark in Mexico and the trade name Las Palmas Food Company, Inc., in the United States, and said defendants, and each of them, at the time of the formation of such joint venture, and at all times thereafter, had knowledge of plaintiff's prior use of its "Las Palmas" trade-mark on its Spanish foods and condiments and the valuable good will associated with said trade-mark.

17. Thereafter and in October, 1953, defendants commenced the importation from Mexico and sale in commerce in the United States of Spanish type foods and condiments, and particularly pickled whole green chilis, under labels bearing the trade-mark "La Malinche" thereon and the trade name Las Palmas Food Company, Inc., which trade name incorporated plaintiff's registered trade-mark therein and was apparently adopted and used for the purpose of causing the trade and buyers to believe that the products of said defendants were associated in some manner with plaintiff or emanated from the same source. The sale by defendants of said "La Malinche" products was, however, not successful and was discontinued by defendants prior to the commencement of this action.

18. Since December, 1954, defendants have made no sales in the United States under any labels or packaging which included the words, name, or trade name "Las Palmas" or "Las Palmas Food Co., Inc.," or any colorable imitation thereof; and all sales by defendants under labels or packaging bearing the trade-mark "Las Palmas" have been made by defendants in the Republic of Mexico and none have been made in the United States; goods sold under such trade-mark by defendants have been packed exclusively in the Republic of Mexico. [118]

19. On October 28, 1953, application was filed in the name of one Fernando De La Pena of Tijuana, Baja California, to register the trade-mark "Las Palmas" in the Republic of Mexico for chili sauce

and spice, which registration issued on February 10, 1954, under No. 76,068. This registration was assigned to defendant Baca on November 30, 1954.

20. Defendant Baca was a former customer of plaintiff, having purchased for resale plaintiff's "Las Palmas" products as far back as the year 1933, and the acquisition in 1954 of the Mexican "Las Palmas" trade-mark registration by said defendant was with full knowledge of plaintiff's prior use of the said mark.

21. In or about March of 1955 defendants Worthington and Baca sought to place an order for "Las Palmas" brand labels to be printed by Western Lithograph Company of Los Angeles. Defendant Worthington exhibited one of plaintiff's "Las Palmas" labels during the ensuing interview. The label order was refused by said company representative, but said defendants thereafter caused to be counterfeited the "Las Palmas" labels of plaintiff by procuring the printing of labels (Exhibit D annexed to the amended complaint) through another company in the State of California, to whose representative plaintiff's "Las Palmas" label (Exhibit A annexed to the amended complaint) was provided by defendants as a basis for design, and defendants' said counterfeit label employs not only the identical trade-mark "Las Palmas" thereon, but also the exact colors of plaintiff's label and the same format, style of printing, and a similar layout and design.

22. In addition to said counterfeit labels, defendants secured cans and cartons in the United States

for use in canning and packing their "Las Palmas" red chili sauce in a processing [119] and packing operation thereafter carried on by defendant Baca at Tecate, Baja California.

23. Subsequently during the year 1955, the defendants commenced selling in the Republic of Mexico and particularly in Tijuana, Baja California, where plaintiff's "Las Palmas" product was widely sold, their red chili sauce packed in containers of identical size to those of plaintiff and bearing the counterfeit "Las Palmas" label (Exhibit D annexed to the amended complaint).

24. The packaging and dress of the goods of plaintiff and defendants (Exhibits 1, 2, and 1-A, 2-A, respectively, in evidence) are so alike in overall appearance that purchasers would almost inevitably fail to distinguish between the products of the parties and would in all likelihood be confused and misled by their very close similarity.

25. Defendants had full knowledge prior to their procuring to be printed the "Las Palmas" labels, Exhibit D, and prior to their initial use of their said labels in Mexico, of plaintiff's long prior use of the "Las Palmas" trade-mark and the valuable good will associated with said mark, and defendants simulated and counterfeited plaintiff's trade-mark and label in the United States with intent to trade on plaintiff's good will and to palm off their product as that of the plaintiff in the Republic of Mexico.

26. Persons of Mexican origin or descent, residing in border cities in the United States, such as Calexico and San Diego, purchase many of their groceries and food items, including plaintiff's "Las Palmas" products, in the corresponding Mexican border cities, such as Mexicali and Tijuana, and freely carry [120] such groceries and food items back to the United States, where same are consumed, and there is a substantial likelihood that such purchasers, buying defendants' spurious products in Mexico, will be confused and misled into believing they are buying plaintiff's product; and plaintiff's good will in the United States is also placed in jeopardy of any inferiority, present or future, in the defendants' spurious product.

27. On or about August 30, 1955, defendant Las Palmas Food Company, Inc., addressed a communication to plaintiff and each of its brokers and wholesalers in the United States and Mexico selling plaintiff's "Las Palmas" red chili sauce in Mexico, advising them that said defendant was the exclusive owner of the "Las Palmas" brand registered in Mexico, and asserting an "infringement" thereof by virtue of any exportation of plaintiff's products bearing this trade-mark.

28. The said communication was false, in that the trade-mark registration in Mexico was not exclusively owned by Las Palmas Food Company, Inc., but record title to said registration was and is in the name of defendant Baca. Said communication was not intended to provide a legitimate

warning to infringers, but was sent out in bad faith by defendants to harass plaintiff and coerce its wholesalers and brokers, under threat of suit, from shipping into Mexico for sale thereat, and to injure plaintiff's reputation and good will among wholesalers and brokers.

29. The acts of defendants, and each of them, which were carried out in the United States and in the Republic of Mexico, as aforesaid, were all designed and undertaken for the sole purpose and with the plan and intent of pirating the plaintiff's good will and market for its "Las Palmas" products in the Republic of Mexico. [121]

30. As a result of defendants' acts carried out in the United States and in the Republic of Mexico, plaintiff's good will in the United States and in the Republic of Mexico has been jeopardized and diminished, while defendants' products, bearing the counterfeit "Las Palmas" label, have been and are being sold in Mexico on the strength of said good will and reputation which plaintiff has built up over the course of many years of use and advertising of its "Las Palmas" trade-mark; plaintiff's reputation and good will with its wholesalers and distributors in the United States and Mexico, which it must maintain among such wholesalers and distributors in order that they use their best selling efforts to push plaintiff's "Las Palmas" products in the United States and Mexico, have suffered as a result of their receipt of the false communication sent by defendant as aforesaid; in the Republic of Mexico

members of the purchasing public and the trade have been or will be deceived into buying defendants' product sold under the counterfeit "Las Palmas" label as and for the product of plaintiff; plaintiff's wholesalers and brokers, or certain of them, who customarily purchase plaintiff's goods for sale in Mexico, have diminished their purchases from plaintiff and their shipments into Mexico of plaintiff's "Las Palmas" products; plaintiff's good will and its market in Mexico have been pirated by defendants; and both local and interstate commerce in plaintiff's said goods in the United States have been diminished, and its commerce in said goods between the United States and the Republic of Mexico, as well as that of certain of its wholesalers and distributors, has been drastically reduced.

31. The trade-mark laws of the Republic of Mexico recognize the rights of a prior user in the Republic of Mexico by providing in Title III of Dario Official of December 31, 1942, Chapter I, Articles 99 and 100, as follows: [122]

"Ch. I, General Rules.

* * *

"Art. 99. The right to the use of a trade-mark obtained by virtue of its registration shall be ineffectual against third parties who have been using said trade-mark in the Republic of Mexico for more than three years prior to the legal date of the said registration.

"Art. 100. In case the person who has been using a trade-mark later registered by a third party should also request its registration within three years after the first registration was effected, the registered trade-mark shall be subject to the provisions of Section II of Article 200 of this law."

32. The trade-mark laws of the Republic of Mexico also recognize the rights of a prior user in the Republic of Mexico by providing in Title III of Dario Official of December 31, 1942, Chapter IX, Article 200, as follows:

"Ch. IX. Nullity, lapsing, extinction and cancellation of the registration of trade-marks.

"Art. 200. The registration of a trade-mark is void:

"I. If made in violation of the provisions of this law or of the laws in force at the time it was registered.

"II. If the trade-mark has been used in the Republic (of Mexico) prior to the date of its registration, provided the party who asserts the right of use files an application for registration with the Secretariat of National Economy [123] within three years following the date the first registration was published in the 'Gazette of Industrial Property,' and proves his continuous use of the trade-mark and the fact that he commenced to use it prior to the original registrant.

"III. If the trade-mark has previously been used and is registered in a foreign country, in the

same case as provided for in the preceding section. In this case, however, the three-year period shall be reduced to six months, and furthermore, the respective foreign country must grant this same right to Mexicans.

"IV. If the trade-mark contains false data as to the origin of the goods covered thereby, location of the industrial or commercial establishment or owner of the trade-mark, mention of medals, diplomas or prizes not actually obtained, or a false statement as to the date on which use of the trade-mark was commenced.

"V. If, due to error, inadvertence, or differences of opinion, the trade-mark is registered although another one is in force which is deemed as infringed on the basis that it might be mistaken with the former one. In this case the Secretariat, ex officio, or at the petition of party shall declare that the second registration is null, provided the error is noted or claimed within three years following the date of publication of the second registration in the 'Gazette,' otherwise the latter shall subsist. The nullity of trade-marks registered with intent to defraud may be claimed at any time." [124]

33. Plaintiff has employed the trade-mark "Las Palmas" in Mexico for more than three (3) years prior to its registration thereof in Mexico by defendants or their assignor and in connection with the same or similar goods for which it was so registered by defendants or their assignor in Mexico.

34. Plaintiff has heretofore filed application for registration of its "Las Palmas" trade-mark in Mexico, in order to effect nullification or cancellation of the registration of defendant Baca under Mexican law.

35. Prosecution of the cancellation or nullification proceedings in the Republic of Mexico will ordinarily require a period in excess of one (1) year before a final decision may be reached in said cancellation or nullification proceedings, as a result of which plaintiff cannot obtain immediate relief against defendants in the Republic of Mexico.

36. Defendant Baca has threatened and may continue to threaten to delay the prosecution of plaintiff's cancellation or nullification proceedings in Mexico by impeding or interfering with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico.

37. In order to preserve the status quo of this action pending the determination of plaintiff's right to interlocutory relief, defendants have been heretofore temporarily restrained by an order of this Court from transferring Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or certain physical assets of that portion of the business of the defendants in Mexico in which is employed [125] the trade-mark "Las Palmas" registered in Mexico as aforesaid, and specifically unused labels, signs, prints, pack-

ages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon; an injunction by this Court restraining such transfer until a final determination of this action is requisite to preserve said status quo pending such final determination.

38. Plaintiff is suffering irreparable injury and will continue to so suffer prior to the final determination of such cancellation or nullification proceedings in Mexico, unless restrained by this [126] Court.

Conclusions of Law

1. The defendants, and each of them, are citizens or residents of the United States, and this Court has jurisdiction in personam of said defendants, and each of them.

2. This Court has jurisdiction over the subject matter of the action under the Trade-Mark Act of 1946, Public Law 489, 79th Congress, Chapter 540, approved July 5, 1946, Chapter 22 of Title 15 of the United States Code.

3. Plaintiff is the owner of and prior user in the United States and the prior user in the Republic of Mexico of the trade-mark "Las Palmas" for various Spanish foods and condiments which trade-mark is registered by plaintiff in the United States Patent Office under the Trade-Mark Act of 1946. Said trade-mark and said registrations Nos. 379,295 and 582,054 are each valid and subsisting.

4. Defendants, and each of them, are and have been wilfully and knowingly infringing said trade-mark "Las Palmas" and competing with plaintiff unfairly in the Republic of Mexico, such infringement and unfair competition in Mexico culminating an unlawful plan or scheme to appropriate the plaintiff's market and the benefits of plaintiff's good will in the Republic of Mexico, various acts of the defendants, in furtherance of said plan or scheme, having been initiated or carried out in the United States.

5. Defendants have competed unfairly with plaintiff in the United States in pursuance of said unlawful plan or scheme of defendants to appropriate the plaintiffs established market and good will in the Republic of Mexico. [127]

6. Said infringement and unfair competition by defendants in the Republic of Mexico have affected and are affecting adversely commerce which may lawfully be regulated by Congress and, in particular, plaintiff's interstate and foreign commerce in its "Las Palmas" products.

7. Plaintiff is suffering immediate irreparable injury as a result of defendants' infringement and unfair competition and has no speedy or adequate remedy at law.

8. The registration of the trade-mark "Las Palmas" by the defendants in the Republic of Mexico does not oust this Court of jurisdiction to enjoin the defendants, United States citizens or

residents, from their said acts of trade-mark infringement and unfair competition in the Republic of Mexico, which adversely affect commerce within the control of the Congress of the United States and radiate unlawful consequences into this country.

9. An injunction by this Court restraining defendants from using the trade-mark "Las Palmas" in Mexico does not invalidate defendants' said registration in the Republic of Mexico or interfere with or violate the recognized sovereignty of the Republic of Mexico, nor does such injunction contravene the public policy of said country as set forth in its trade-mark laws.

10. An injunction by this Court restraining defendants from transferring title in Mexican registration No. 76,068 and any good will associated therewith, including certain physical assets of that portion of the business of defendants in which is employed the trade-mark "Las Palmas," is necessary to preserve the status quo pending a final determination of this action. [128]

Order

In accordance with the foregoing findings of fact and conclusions of law, It Is Ordered, Adjudged, and Decreed:

1. Defendants' motion to dismiss is hereby denied.

2. Plaintiff's motion for preliminary injunction is hereby granted to the extent that, upon plaintiff's

filing with the Clerk a bond in the penal sum of $10,000, with good and sufficient surety approved as provided by local rule 8, and conditioned as required by Rule 65 of the Federal Rules of Civil Procedure, a writ of injunction will issue, in the form and scope provided by Rule 65, enjoining and restraining the defendants, and each of them, their officers, agents, servants, employees, and attorneys, and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly in any way or manner, the trade-mark "Las Palmas," or any colorable imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff; [129]

(b) From aiding or participating, directly or indirectly in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely

related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint of file herein;

(c) From impeding or interfering, directly or indirectly in any way or manner, with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico;

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the exportation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to: [130]

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and, specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon.

Dated: At Los Angeles, California, this 27th day of July, 1956.

/s/ WM. C. MATHES,
United States District Judge.

Approved as to Form, this 26th day of July, 1956

MASON & HOWARD,
C. LOY MASON,
PAUL P. SELVIN,

By /s/ PAUL P. SELVIN,
Attorneys for Defendants.

Receipt of copy acknowledged.

Docketed and entered July 27, 1956. [131]
[Endorsed]: Filed July 27, 1956.

In the United States District Court, Southern District of California, Central Division

Civil Action No. 19355-WM

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY, INC., a Corporation; PABLO BACA GAVALDON, and RALPH WORTHINGTON,

Defendants.

WRIT OF PRELIMINARY INJUNCTION

The President of the United States

To Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon, and Ralph Worthington, Their Officers, Agents, Servants, Employees, and Attorneys:

Whereas, by order on plaintiff's motion of May 25, 1956, for preliminary injunction, filed July 27, 1956, it appears that it was ordered that a preliminary injunction issue restraining defendants, Las Palmas Food Company, Inc., a Corporation, Pablo Baca Gavaldon, and Ralph Worthington, and each of them, [133] their officers, agents, servants, employees, and attorneys, and those acting in concert or participation with them, or any of them, who receive actual notice of such injunction, by per-

sonal service or otherwise, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly, in any way or manner, the trade-mark "Las Palmas," or any colorable imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff;

(b) From aiding or participating, directly or indirectly, in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to plaintiff's label, Exhibit A, annexed to the amended complaint on file herein;

(c) From impeding or interfering, directly or indirectly, in any way or manner, with plaintiff's endeavors to gather evidence or testimony from

plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico; [134]

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the expertation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to:

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid, and specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon;

Now, Therefore, we do hereby command and strictly enjoin you, Las Palmas Food Company,

Inc., Pablo Baca Gavaldon, and Ralph Worthington, and each of you, your officers, agents, servants, employees, and attorneys, and those acting in concert or participation with you, or any of you, who receive actual notice of this injunction, by personal service or otherwise, pending the hearing and determination of this action or until further order of Court, from infringing plaintiff's trade-mark "Las Palmas" and/or competing unfairly with plaintiff, and specifically:

(a) From using or employing, directly or indirectly, in any way or manner, the trade-mark "Las Palmas," or any colorable [135] imitation thereof, on or in connection with any sale, distribution, promotion, advertising for sale, or display, in either the United States or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments which are like or closely related to any now manufactured or offered for sale by plaintiff;

(b) From aiding or participating, directly or indirectly, in any way or manner, in any sale, distribution, promotion, advertising for sale, or display, in either the United Statees or the Republic of Mexico, of any red chili sauce, or of any other Spanish-type foods or condiments like or closely related to any now manufactured or offered for sale by plaintiff, labeled with the trade-mark "Las Palmas," or any colorable imitation thereof, or with any other mark or label confusingly similar to

plaintiff's label, Exhibit A, annexed to the amended complaint on file herein;

(c) From impeding or interfering, directly or indirectly, in any way or manner, with plaintiff's endeavors to gather evidence or testimony from plaintiff's wholesalers or distributors in the Republic of Mexico and, in particular, from urging or inducing, or in any way or manner attempting to induce, any of plaintiff's wholesalers or distributors to refuse to supply affidavits or testimony respecting plaintiff's use of the "Las Palmas" trade-mark in the Republic of Mexico;

(d) From representing, either orally or in writing, to any other person not a party to this suit, that the exportation to the Republic of Mexico, or the sale or distribution therein, of "Las Palmas" brand products manufactured or sold by plaintiff constitutes an infringement or other violation of any rights of defendants, or any of them; and

(e) From selling, assigning, transferring, or conveying or encumbering any right, title, or interest of defendants, or any of them, in and to: [136]

(i) Mexican trade-mark registration No. 76,068, or any good will associated therewith in Mexico, and/or

(ii) Certain physical assets of that portion of the business of defendants, or any of them, in which is employed the trade-mark "Las Palmas," registered in Mexico as aforesaid,

and, specifically, unused labels, signs, prints, packages, wrappers, receptacles, and advertisements bearing the trade-mark "Las Palmas" thereon.

Hereof, fail not, under penalty of the law thence ensuing.

Witness The Honorable William C. Mathes, Judge of the United States District Court, Southern District of California, Central Division, this 30th day of July, 1956.

[Seal] JOHN A. CHILDRESS,
Clerk, U. S. District Court, Southern District of California;

By /s/ M. E. THOMPSON,
Deputy.

Return on Service of Writ attached.

[Endorsed]: Filed August 10, 1956 [137]

[Title of District Court and Cause.]

NOTICE OF APPEAL

Notice is hereby given that Las Palmas Food Company, Inc., a Corporation, Pablo Baca Gavaldon and Ralph Worthington, defendants above named, hereby appeal to the United States Court of Appeals for the Ninth Circuit from the Order

Denying Defendant's Motion to Dismiss and granting Plaintiff's Motion for Preliminary Injunction, entered in this action on July 27, 1956, and from the Preliminary Injunction thereafter entered thereon on July 27, 1956.

Dated this 23rd day of August, 1956.

MASON & HOWARD, and
PAUL P. SELVIN,

By /s/ C. LOY MASON,
Attorneys for Defendants-Appellants.

Receipt of Copy acknowledged.

[Endorsed]: Filed August 24, 1956. [142]

[Title of District Court and Cause.]

STATEMENT OF POINTS ON APPEAL

The points upon which defendants-appellants will rely on appeal are:

1. The District Court erred in granting plaintiff's motion for a preliminary injunction for the reason that the action herein should have been dismissed on defendants' motion to dismiss, for the reason that said Court did not have jurisdiction of the subject matter of the action, for the reason that the Amended Complaint failed to state a claim upon which said Court could grant relief, for the reason

that the acts enjoined are beyond the jurisdiction of the Court, and for the further reason that the policy of comity prevents said Court from issuing said injunction, from passing on the validity or effect of the acts of the authorities of Mexico in issuing a trade mark to defendants, and from affecting the exercise of defendants' rights under said Mexican trade mark. [144]

2. The district Court erred in its Conclusion of Law 5, and said Conclusion is not supported by the Findings of Fact.

3. The District Court erred in its Conclusions of Law 8 and 9.

Dated this 23rd day of August, 1956.

MASON & HOWARD, and
PAUL P. SELVIN,

By /s/ C. LOY MASON,
Attorneys for Defendants-Appellants.

Receipt of Copy acknowledged.

[Endorsed]: Filed August 24, 1956. [145]

In the United States District Court, Southern District of California, Central Division

Case No. 19344-WM Civil

RAMIREZ & FERAUD CHILI CO., a Co-Partnership Composed of FRANK FERAUD and E. C. FERAUD,

Plaintiff,

vs.

LAS PALMAS FOOD COMPANY OF CALIFORNIA, INC., a Corporation; PABLO BACA CAVALDON, RALPH WORTHINGTON, JOHN DOE I and JOHN DOE II.

Defendants.

Honorable William C. Mathes, Judge Presiding.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Tuesday, June 12, 1956

Appearances:

For the Plaintiff:

HARRIS, KIECH, FOSTER & HARRIS, WARREN L. KERN, ESQ.:

* * *

The Court: Are they in evidence here?

Mr. Kern: No. I will offer them in evidence now as Plaintiff's Exhibits 1 and 1-A.

The Court: Which is which?

Mr. Kern: Exhibit 1 being plaintiff's product.

The Court: Is it so stipulated?

Mr. Selvin: Yes, your Honor.

Mr. Kern: And 1-A being defendants' product.

The Court: Exhibit No. 1 is plaintiff's product?

Mr. Kern: Yes, your Honor. And 1-A is defendants' product.

The Court: They are received in evidence in support of the motion for preliminary injunction as Plaintiff's Exhibits [55*] 1 and 1-A.

(The articles referred to were received in evidence and marked Plaintiff's Exhibits Nos. 1 and 1-A.)

Mr. Kern: I should like to have these marked Plaintiff's Exhibits 2 and 2-A; Exhibit 2 being plaintiff's product and Exhibit 2-A being defendant's product.

The Court: Exhibit 2 is the plaintiff's product?

Mr. Kern: Yes, your Honor.

The Court: It may be received in evidence in support of the motion for preliminary injunction.

(The article referred to was received in evidence and marked Plaintiff's Exhibit No. 2.)

The Court: And likewise Exhibit 2-A, as I understand it, gentlemen, pursuant to the same stipulation?

Mr. Selvin: Yes, your Honor.

The Court: Exhibit 2-A, defendants' product, may be received in evidence in support of the motion for preliminary injunction.

*Page numbering appearing at top of page of original Reporter's Transcript of Record.

(The article referred to was received in evidence and marked Plaintiff's Exhibit No. 2-A.)

The Court: Plaintiff's Exhibits 1 and 2 are plaintiff's product and Exhibits 1-A and 2-A are defendants' products, exemplars of them. Is that correct, Mr. Selvin?

Mr. Selvin: I am sorry.

The Court: Exhibits 1 and 2 are exemplars of plaintiff's [56] product——

Mr. Selvin: That is correct.

The Court: And Exhibits 1-A and 2-A are defendants' product?

Mr. Selvin: That is correct, your Honor.

* * *

[Endorsed]: Filed September 27, 1956. [57]

[Title of District Court and Cause.]

CERTIFICATE BY CLERK

I, John A. Childress, Clerk of the United States Distirct Court for the Southern District of California, do hereby certify that the foregoing pages numbered 1 to 154, inclusive, contain the original

Complaint;

Notice of & Motion for Preliminary Injunction;

Defendants' Written Statement of Reasons in Opposition to Plaintiff's Motion for Preliminary Injunction;

Notice of Motion to Dismiss;

Affidavit of Juan Del Avellano Ochoa;

Judgment of Dismissal for Lack of Jurisdiction Over Subject Matter;

Amended Complaint for Trade-Mark Infringement & Unfair Competition;

Notice of and Motion for Preliminary Injunction;

Temporary Restraining Order;

Defendants' Written Statement of Reasons in opposition to Plaintiff's Motion for Preliminary Injunction;

Notice of Motion to Dismiss;

Notice of Dismissal as to Certain Defendants;

Findings of Fact, Conclusions of Law and Order Denying Defendants' Motion to Dismiss and Granting Plaintiff's Motion for Preliminary Injunction;

Writ of Preliminary Injunction;

Notice of Appeal;

Statement of Points on Appeal;

Designation of Contents of Record;

Amended Designation of Contents of Record;

Counter-Designation of Additional Parts of Record;

which, together with 1 volume of reporter's transcript of proceedings, and plaintiff's Exhibits 1, 1-A, 2, 2-A, all in the above-entitled cause, constitute the transcript of record on appeal to the

United States Court of Appeals for the Ninth Circuit, in the above case.

I further certify that my fees for preparing the foregoing record amount to $2.00, which sum has been paid by appellant.

Witness my hand and seal of the said District Court this 28th day of September, 1956.

[Seal] JOHN A. CHILDRESS,
Clerk;

By /s/ CHARLES E. JONES,
Deputy.

[Endorsed]: No. 15306. United States Court of Appeals for the Ninth Circuit. Las Palmas Food Company, Inc., a Corporation; Pablo Baca Gavaldon and Ralph Worthington, Appellants, vs. Ramirez & Feraud Chili Co., a Co-Partnership Composed of Frank Feraud and E. C. Feraud, Appellee. Transcript of Record. Appeal from the United States District Court for the Southern District of California, Central Division.

Filed September 29, 1956.

/s/ PAUL P. O'BRIEN,
Clerk of the United States Court of Appeals for the Ninth Cirquit.